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Table of Contents

1 Problem	1
1.1 Investing as a Privilege	1
1.2 Restrictions	2
1.3 Financial Services Today	2
1.3.1 Investing into Cryptocurrencies	3
1.4 Illiquidity	3
1.5 The Inability to Invest in Socially Conscious Investments	4
1.6 Limited Innovation	4
2. Project Fydary	6
2.1 Unique Market Position	6
2.2 Platform	6
2.3 Smart Contracts	8
2.4 Tokenization	8
2.5 Cryptocurrency Exchanges	9
2.6 Solutions	10
2.7 Expectations	11
2.7.1 Anticipated demand	11
2.7.2 Pricing strategy	11
2.7.3 Value to customer	11
2.7.4 Growth potential	12
2.7.5 Exchange	12
2.7.6 Market targets	13
2.8 Use Cases	13
2.9 Creating Communities	14
2.9.1 Local Communities	14
2.9.2 Online Communities	15
2.10 Gamification	15
3. Market Analysis	17
3.1 Cryptocurrency Exchanges	18
3.2 Competition Analysis - Tokenization projects	20
3.3 Competition Analysis - Cryptocurrency and Traditional Exchanges	23
4. Legal	25
4.1 Asset Tokens	25
4.2 Asset Fund	25
4.3 Fiduciary relationship	26
4.4 Incorporation agreement	27
4.5 Types of funds	28
4.5.1 Investments and assets	29

4.5.2 Forms and types of funds	29
4.5.2.1 Open - closed fund	29
4.5.2.2 Temporary - permanent fund	30
4.5.2.3 Asset - investment fund	30
4.5.2.4 Positioning fund	30
4.5.3 Fiduciary relationship and management	31
4.5.4 Relationships between owners	31
4.5.5 Investment policy	31
4.6 Establishment process	31
5. Technical	33
5.1 Fydary Token	33
5.2 Asset Tokens	34
5.3 Usage of other crypto solutions	34
5.4 Using the platform in practice	34
6. Business Development	36
6.1 Industry Potentials	36
6.2 Expansion Goals	39
6.2.1 Key customers	39
6.2.2 Growth Potential	39
6.2.3 Real Estate Data 10	40
6.2.4 Real Estate Business Development Strategy	41
6.2.5 Hedge Fund Business Development Strategy	41
6.3 User Acquisition Action Plan	42
7. Mass Financing through IEO	43
7.1 Finance	43
7.2 Token Distribution	47
7.3 Value expectations	48
8. Roadmap	49
9. Team	50

1 Problem

1.1 Investing as a Privilege

When we look at the history of investing, we quickly notice that investing for the purpose of generating profit has been mostly reserved for the wealthier population. The elite have access to investments through which they generate additional assets and are in turn becoming wealthier in both the short and long-term.

Most people are aware of statistics which clearly illustrate that an extremely small share of the world population manages and owns the vast majority of all wealth, arable lands, industry and real estate. The privileged class not only controls most of the wealth and resources globally, but it is obvious that they are becoming even wealthier.

Data from 2018 Credit Suisse research¹ shows that 1% of global population owns as much as 45% of the world's wealth, while 64% of global population owns less than 2%.



¹ Credit Suisse, Global Wealth Databook, 2018

One of the important reasons for this situation lies in the fact that the wealthier population can invest their money into stable profitable assets and increase the value of their investment safely and protect it from any economic shocks. The average person, regardless of location or circumstance, simply does not have access to such investments or such access is fairly restricted, which definitely benefits the wealthier of society. Barriers to entry can include capital requirements, regulatory compliance, licences, starting costs and limited access to different asset classes.

1.2 Restrictions

Nowadays, potential investors face many issues and restrictions when it comes to investing. For example, it is difficult or even impossible for investors to participate in hedge and venture capital funds, as the requirements to participate are too high. At the same time, the current situation is understandable, as managers of such funds simply do not have proper management tools which could allow them to attract several thousand investors with investments of different sizes from the global pool in an efficient and cost-effective manner.

The wider real estate market is a very interesting case, as value is high and fairly stable, with current procedures for purchase also cumbersome. Despite significant demand on a global scale, an individual's opportunity for participation is limited or non-existent, as partial ownership of larger commercial real estate intended for renting, construction of new real estate (i.e. retirement homes, parking structures, housing estates, holiday facilities) and generation of other related revenue is not possible.

1.3 Financial Services Today

Nowadays, financial and investment services are far too restrictive, old fashioned and time consuming. The above-mentioned issues are present in the financial sector, from banks, stock exchanges, credit services, mass financing, investment and venture capital funds.

When users of modern services such as Amazon, Ebay, AirBnB, Booking, Uber, Netflix, LinkedIn, Facebook, WhatsApp, Instagram, Flickr, and Quora compare their user experience to that of financial service platforms, they are negatively surprised and dissatisfied with the available options, speed and price of services. Therefore, it is no surprise that they are turning to cryptocurrencies to satisfy their financial services needs, as cryptocurrency allows for quick and seamless transactions vs. slow and antiquated banking services.

1.3.1 Investing into Cryptocurrencies

Bankrate reported² on the popularity of different investment methods and found out that cryptocurrencies are primarily popular with younger generations. They highlighted the fact that in 9% of cases, millennials selected cryptocurrencies as their favourite long-term investment option, which is 3 times more than Generation X and incomparably more than previous generations.

The above-mentioned facts are hardly surprising, as blockchain technology significantly changed our understanding of money and digital ownership. Changes introduced by cryptocurrencies are solving problems in the traditional financial world, which is definitely the part of the economy that has yet to be modernized and digitalized like the rest of the global economy.

Facts:

- ▶ Cryptocurrencies can be transferred quickly and cost-effectively, including cross-border payments
- ▶ Assuming individuals ensure suitable protection and adopt good online security practices, ownership of a cryptocurrency cannot be misappropriated by individuals or a repressive authority
- ▶ Platforms and web portals that enable contemporary financial services through blockchain technology are easy to understand and provide a favorable user experience
- ▶ Cryptocurrency exchanges are always available, as they operate 24 hours per day, 7 days a week
- ▶ Ownership of tokens can be easily and quickly acquired and exchanged in a cost-effective way
- ▶ Voting and managing is simple, quick, and prevents manipulation of any kind

1.4 Illiquidity

Illiquidity in the financial world refers to assets that cannot easily be sold or exchanged for cash without a substantial loss in value. The issue of illiquidity generally occurs when an asset has a high value and therefore cannot attract enough investors that would be willing to purchase it. Assets frequently change ownership without big price swings on liquid markets with the opposite occurring on illiquid markets.

² Bankrate Financial Security Index, June 25-30, 2019

In cases when a buyer is hard to find, the seller is forced to offer the asset at a discounted price so that they are able to increase buying interest. According to findings of Stephen McKeon³, different economic experts have attempted to calculate the illiquidity discount in a number of different ways; however, the basic estimate fluctuates between 20 and 30 percent.

The problem of illiquidity most frequently appears on the following markets:

- ▶ Real estate
- ▶ Luxury Items
- ▶ Venture capital funds
- ▶ Antiquities
- ▶ Works of art
- ▶ Loans
- ▶ Natural Resource Assets

1.5 The Inability to Invest in Socially Conscious Investments

In today's world of investing, an individual is faced with the difficult task of finding investments that are not only economically prudent, but also socially conscious, which is baffling considering that demand for such investments from a big portion of the population is considerably high.

The demand for financing projects that could be very meaningful to individuals and communities such as sport facilities, bike trails, playgrounds, automated farming and green energy undoubtedly exist, as investors are potential future users.

1.6 Limited Innovation

An important deficiency of current investment systems and platforms is a lack of flexibility, scarcity of innovation and non-existent user experience development. The problem of lacking innovation is not only present for users but for asset managers as well, who are unable to market their services and generate capital for a wider population of people on a global scale.

³ <https://hackernoon.com/traditional-asset-tokenization-b8a59585a7e0>

Currently, a majority of companies and funds pay out dividends on an annual or quarterly basis, although there is a potential for new products to be created which could pay dividends on a monthly or even weekly basis without incurring high costs or increasing workload.

Targeted investing has tremendous potential and remains completely untapped. Investors who are only interested in investing into a specific product or service often do not have an option to do so. Normally, the only option is to invest into a broader company or fund that is implementing such projects or building a relevant product or service. The issue is that investors are forced to finance other projects under an asset managers umbrella, regardless of their interest.

When we talk about untapped potential, it is important to mention gamification of services, which has already proven successful in different sectors such as education and health applications. As Phil Smy writes,⁴ gamification is the application of game concepts, features and game design principles for non-gaming applications. In practice, such techniques come in the form of rewarding good behavior, creating user engagement and providing strong visualization to otherwise monotonous data.

⁴ <https://www.fintechscotland.com/fintech-and-gamification/>

2. Project Fydary

The solution to the aforementioned problems is the Fydary online platform and mobile application based on blockchain technology. It provides easy access to potential investors regardless of location and investment size as it offers high security, tokenization of assets and fractional ownership through accessible trading at minimum cost, receipt of dividends, simplified management and governance.

2.1 Unique Market Position

Fydary has a unique position in the market in that it allows for average investors to access high barrier of entry investments. The platform allows for users and partners to manage assets and funds easily through the deployment of smart contracts and fiduciaries. Currently, there are no successful tokenization or asset investment platforms available.

Large asset managers do not currently have the resources in order to manage a large amount of small investors, and have therefore set higher minimums on investment in order to achieve their funding goals and manage investors appropriately. Fydary allows for the removal of the barrier to entry as it creates a simple management system for asset managers to receive large amounts of funding without having to interact or pay out each investor individually.

2.2 Platform

The simplified idea of the Fydary platform is to combine modern technology and conventional business dealings into something new that includes the advantages of both and eliminates their weaknesses. On the technological side, it is based on blockchain technology, which is revolutionary in numerous ways and offers possibilities that were thus far unavailable. Together with Web 2.0, proper design practices, maximum participation and safety of users, this platform creates new opportunities of investing that were unavailable insofar.

Additionally, it encompasses fair business practices and eliminates weaknesses, which appears to be a common and pressing problem of cryptocurrency companies, as platforms and projects are failing to attract a significant amount of users. The creation of an advanced financial and legal framework that relies on the use of the fiduciary legal model enable the tokenization of assets and ensures the safety of this method for the purpose of investing or generating capital. Furthermore, it allows for an unprecedented level of management for a virtually unlimited number of investors and creates a new type of financial products that offer a considerable upgrade to existing products.

Fiduciary investing is a service for users who wish to safely invest into various investment products, such as real estate, movable assets (cars, industrial and logistic assets), immovable assets (industrial equipment, manufacturing, energy production) and economic investments (shares, bonds, licences, patents, rental relations, concessions, etc.).

The Fydary portal can also be used for other purposes, such as:

- ▶ forming joint venture investments
- ▶ marketing and selling individual future assets
- ▶ securing investors for projects
- ▶ trading with future yields from assets
- ▶ developing economic or investment projects in accordance with a proprietary idea
- ▶ forming and trading with financial derivatives such as futures and options.

Fydary platform will connect participants into a common investment and trading system through financial, technological and legal solutions. The web portal enables the trading and handling of investment products, which are listed after a thorough vetting process in order to meet Fydary company standards. Each asset is a newly created market that is tradeable, has governance and pays out dividends.

Investment contracts are implemented as a standardized incorporation contract. Such contracts will be drafted in the form of a smart contract. Due to the standardized form of the contract, the investor may sell, hold or otherwise manage their investment or its part in a similar manner as any other liquid asset.

The concept of the Fydary portal is universal. It is designed in such a way that an incorporation contract may be drafted immediately and trading with any investment that includes tangible assets can become instantly executable. The Fydary platform thus performs the work of a lawyer, broker, advisor and a bank replacement in one seamless action.

For example, a partner, who offers an investment, should have an expectation of a significant value increase of a managed real estate property or yields from rent (or different types of revenue) and needs funds for a part of the investment, as they cannot provide it in full. They issue the investment offer with

trading options available, allowing for the participation of investors and includes guarantees established via the platform.

The project must first pass a verification of real ownership, in compliance with regional and legal specifics. An individual investor would need a significant amount of knowledge and personal involvement to invest their funds into an asset in a remote location on an individual basis. Fydary will provide as much relevant data as possible in order for an investor to make a wise investment decision, such as information on the asset, previous returns, and similar asset revenue generation; however, it is still up to the investor to do their own research and must always understand that investment is a risk and their risk alone. Fydary is not responsible for any losses occurred through investment.

2.3 Smart Contracts

A smart contract is a bundle of computer code or a digital protocol between two or more users and includes a set of rules, which are defined by the involved parties. It is similar to a classic contract; however, it can be modified in perpetuity and used by an unlimited number of users. When parameters embedded in the algorithm are met, the contractual relationship is automatically realized.

The intermediate functions that have thus far remained within the domain of centralized providers, such as identity management, custody, and conflict resolution are no longer necessary, as all of these functions can be managed using smart contracts, which optimizes implementation and lowers costs.

With the development of blockchain technology, regular contracts will no longer be able to match the advantages introduced by smart contracts; therefore, regular contracts will slowly but surely be replaced by smart contracts. Fydary will be using smart contracts to tokenize assets, provide governance options to token holders and enable partners to easily manage in what has been so far an unmanageable amount of investors using the fiduciary model in unison with traditional legally binding contracts that provide maximum security to all parties involved.






2.4 Tokenization

Tokenization is the process of issuing tokens through blockchain technology which represent a fraction of an asset. It has the potential to cause momentous changes to numerous markets in the upcoming years and decades. Each asset may be divided into any number of fractions (tokens) which can be traded freely, thus ensuring liquidity to the issuer and enabling partial ownership for the investor.

Tokens have features of cryptocurrencies, which means that they are constantly available to their owner, who can freely and safely handle them, are quickly transferable and exchangeable without location control or other restrictions. All transactions are public and verifiable as well as more cost effective than traditional solutions.

As market entry will suddenly not only be available to the wealthy alone, an enormous potential of capital is unlocked, which traditionally has not been available. The most suitable markets for tokenization are numerous financial products, real estate, movable assets, crowdfunding, intellectual rights and work of arts.

The benefits of tokenization also include all positive features that are provided by blockchain technology, i.e.:

-  transparency and accuracy of data;
-  inability to modify or manipulate tokens or smart contracts after they/it are issued;
-  less errors, duplications and inefficiencies due to human intervention;
-  extremely shortened time and lowered price of transactions;
-  definitive and realistic determination of value in addition to higher liquidity.

2.5 Cryptocurrency Exchanges

A cryptocurrency exchange is digital trading platform that operates on the basis of blockchain technology and enables fast and low-cost trading of digital assets. The goal of the Fydary platform is to implement the best practices and features of current cryptocurrency exchanges and implement them into Fydary, while including new features that are beneficial and engaging for the user that have not been developed for current services.

2.6 Solutions

The primary solution with Fydary is that our platform provides all information about legal and tax specifics of the transaction in individual countries to the user. This allows the user and partner to understand the viability, profitability and the level of risk the investment presents in order to determine the price of the service as well as tax and legal burdens in relation to the investment product offered.

Tangible and legal safety of an investment opportunity are important for ensuring safety of cross-border investing. In the event of disputes, contractual and other legal relations are resolved differently, with regard to the location of the investment. No participant may acquire excessive power or dominant position, which would enable them to abuse their advantage during the investment.

The secondary solution offers the option that a trustee or fiduciary can act as the real owner of the asset. An incorporation contract establishes a fiduciary relation, defines equal tasks and relations between users so that consensus can be achieved.

Insofar as any other activities are needed to realize the transaction, the partner and user may choose a service provider at their own discretion or appoint a manager. At the end of the transaction, funds or assets are divided in accordance with shares defined in the contract. Competent extrajurisdictional two-level arbitration is defined in the incorporation contract for resolving any potential contentious matters between participants.

Diversification and the ability to sell the investment is important for the profitability and safety of the investor. Within the manner of investing funds into several investments, simple transaction between listed assets and the ability to partially or fully sell or purchase and/or form an investment must be made as simple as possible.

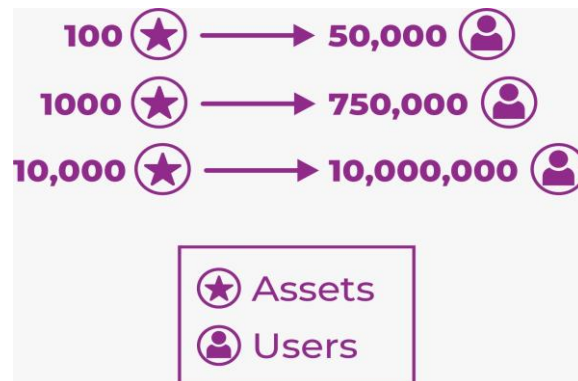
The tertiary solution is the tokenization of investments. A unique and limited number of tokens with their own name and related unique features are issued for the investment. In turn, each investor may transfer, sell, and exchange their tokens with other investors. By selling tokens, the investor sells their share of an investment.

An investor who owns tokens has the right to make decisions about the project which is proportional to their share. An investor who does not want to handle tokens can simply withdraw them and manage their investment in a classic, contractual manner.

2.7 Expectations

2.7.1 Anticipated demand

Demand will be based on asset classes available for investment. For example, fewer partners and investment options would most likely result in less demand from users. Our KPIs for onboarding partners as well as acquiring users would be as follows:



Potential users can fall within cryptocurrency traders, traditional traders, new investors, and corporations. Initial demographics will most likely fall within cryptocurrency traders with traditional traders following once traction is gained. New investors will be included when gamification aspects are integrated. Corporations will follow once trade volume is regularized, a variety of assets are listed, and OTC options are available.

2.7.2 Pricing strategy

Users will not pay to utilize the platform, and partners will not pay for listing initially. However, partners that decide to list after our initial partner program has ended will eventually have to pay a listing fee, which will be distributed to token holders. Some asset classes will have this fee waived, while others may have to pay more based on their specific industry and amount of funding required. There will be a fixed 0.1% transaction fee for all buy and sell orders that are filled, with the possibility to lower this fee based on future volume growth or through specific staking requirements of the Fydary token.

2.7.3 Value to customer

Users will now have access to investments and markets that were previously only accessible to the most wealthy of society. Their opportunity to generate income from these sources will create value behind

investment as a whole and operate as an anti-inflationary tool that traditional banks have not been able to provide for their customers. There is a possibility that Fydary can work as a bank replacement option, as investment into previous illiquid markets becoming liquid allows users to have solid residual payments and have the ability to withdraw at a moment's notice. For example, investing in real estate in the past has allowed people to gain returns from rental income and eventually sell for a potential profit, making it a great saving tool. However, illiquidity of real estate has not allowed for individuals to withdraw fractional amounts of their assets into fiat. By allowing for a tradeable market on assets, individuals have the ability to withdraw their ownership when a buyer is found, allowing for an account that can operate similar to a savings by creating the ability to withdraw at a moment's notice.

2.7.4 Growth potential

Growth will be highly dependant on funds raised through Initial Exchange Offering and private seed funding. With higher amounts of funding, the team will be able to hire more staff as well as allocate more money towards marketing efforts. The primary goal from IEO and private sale will be to focus money into staff growth in order to achieve a minimum viable product and grow social channels to have the greatest impact upon platform release.

Currently, the focus for initial user acquisition is focused in Europe, the Republic of Korea and Japan. Expansion will follow to the rest of Asia, with the United States and other regions being last. As the Fydary platform has appeal for cryptocurrency users, traditional market investors, corporations, and the average user that wants to utilize Fydary as an anti-inflationary tool, the growth potential is immeasurable.

2.7.5 Exchange

Our market research focuses on the performance of cryptocurrency exchanges, as the real function of the Fydary platform is to work as an exchange of real-world assets. The exchanges being monitored are based on volume sizes from CoinMarketCap as of October 6th, 2019. Our expectation is to meet and beat at least the lowest performing of these exchanges, as many of them have low amounts of trading pairs, are susceptible to hacks, display weak technology, and have high levels of bot trading.

We are looking at the worst case scenarios when it comes to expected volume. It is widely assumed that volume will increase over the next 6-12 months as the overall cryptocurrency market continues to recover. Without including our added value that other exchanges cannot provide, having a low performance would still allow us to reach our target monthly volume numbers.

2.7.6 Market targets

Our goal is to become profitable within 18 months of the completion of IEO. In order to do so, there are several scenarios that will allow us to hit break even points. Our break even point for monthly expenses, when operating with full staff and marketing budget, is **\$552,333**. In order to achieve this, one of the following benchmarks needs to be met, with the potential for a combination of multiple revenue streams incoming:

- ▶ Transactions: **\$552,333,000** monthly volume with **0.1%** transaction fees collected
- ▶ Company Investments: **\$66,279,960** invested with **10%** annual return on investments with platform partners

In order to hit each of these goals, the following KPIs will be used:

Transactions at **\$552,333,000** monthly volume at **33,717** users with average daily trade volume of **\$546.04** (modelled after Binance).

Our expectation is to focus mainly on transactions as our main income source, with listing fees being distributed to users and company investments being a secondary source of income. In order to acquire 33,717 users with a high enough daily trade volume, we expect to build out several funnels that include organic efforts, influencers, referral programs and PR campaigns to reach our goal. Our projections and budgeting are based on worst-case scenarios for cost, click through rate, and conversion rates.

2.8 Use Cases

There is a rapid increase in new investment opportunities through global innovation that are appealing for investors of all sizes; however, they cannot be funded due to an inability for investors and asset managers to connect. Additionally, most of these projects require high injections of capital that can only be funded through large financial institutes and leave most investors without the ability to penetrate new markets.

The Fydary platform, due to its universality for financing projects on a micro and macro scale, allows all individuals to participate in the financing of a project, regardless of financial background.

A use case example would be fractional ownership investment into newly emerging agritech farms. Due to the plants being grown in a controlled environment, they are naturally organic, can be grown year-round regardless of weather conditions, cut down on carbon emissions due to shorter transportation, and have increased quality through freshness, as each farm can be located mere kilometers away from stores. These farms are semi-autonomous, allowing for simple monitoring and integration into other platforms.

An additional use case can be for existing assets to be tokenized and fractional ownership of said property established. Instead of gold, currencies, bonds and shares being traded in a traditional way, they can be traded in a tokenized fashion, which simplifies the trading process by reducing transaction and brokerage costs.

Users have the ability to create pooled real estate asset tokens in order to further diversify their investment and create user self-governance. For example, a group of users can do their own research and make a suggestion to the wider community to create a pooled token of multiple real estate properties for rental or holiday revenue. In this way, an entirely new class of tradable assets is created, in that not only is a real world illiquid asset turned liquid, but a larger pool of such assets with a specific use can be created.

The biggest issue that is solved by tokenization is the fact that such funds are normally extremely illiquid, and it takes years, sometimes even decades for the initial investors to be repaid.

2.9 Creating Communities

2.9.1 Local Communities

The Fydary platform will enable the formation of communities of investors with similar views, wishes, passions and investment strategies. Communication between investors that own tokens of the relevant project will be enabled within different investment projects, which is undoubtedly a new feature, as traditional investment institutions do not provide that.

The platform allows investors who are interested in specific investments, such as sports facilities or community buildings, to find people with the same perspective and share their ideas and research with them.

Facilities that allow a certain form of community participation, such as different sporting or public gathering places, are always needed within a community as a whole; however, construction and management of specific community projects can often prove to provide little financial incentive for investors, leaving these projects without funding and leaving them to never being built. However, Fydary can offer this option to community leaders and local enthusiasts to enable them to co-finance things that they wish to have in their village or town.

2.9.2 Online Communities

The online community has many opportunities to grow with common interests in current assets, future assets and the building of collective funds. As each asset has several factors involved with the price, dividends, various external factors, and potential governance changes, users will most likely want to communicate and create social communities to keep other users up to date with responsible and verifiable information. In order to allow the Fydary community to grow within the platform, we will implement a social view that allows users of an asset to communicate through relevant news, a Twitter-style feed for user generated content, video on the specific asset or similar industry videos, and a chatbox for communication. While we are aware that a chatbox opens up the opportunity for trolls to enter, we will set a requirement that in order to participate, the user must hold a specific amount of said asset.

2.10 Gamification

When users first enter the platform, they will be given the onboarding option of utilizing paper trading in order to maximize their sign up bonus. Users will be able to simulate investing within actual assets on the platform, then will have a simulation run over a multi-year period to gauge the potential of their assets. Higher performance will allow for a higher sign up bonus. This allows users to become familiar with the platform as well as become engaged from the beginning.

Users will be able to unlock badges based on various asset classes that they have invested in. This will allow users to be able to compete against their friends and family to have a highly diversified portfolio. Additionally, this protects users investments by having a strong and diversified portfolio.

Portfolio size trackers will be available in real time to allow users to see the growth of their investments. Traders will also have a portfolio balance bar in order to ensure that they have a good diversification between low, medium, and high risk investments.

Once our platform is functioning well, we will implement an asset game that is tied to actual investments. User will have digital assets that are unlocked based on the size and time of their specific investment, and can use these assets to build bigger and better digital assets. For example, if someone wants to build their house, they will need to have \$500 USD invested in a hedge fund for at least 1 month, \$1,000 USD in residential real estate for 3 months, and \$500 in energy production for 1 month. They can then decide to build a digital farm by investing in land for \$1,000 for 2 months and \$500 in real farming for at least 1 month.

The main point of installing gamification elements is to keep users engaged with their investments, provide entertainment options, but mainly to educate and help users minimize the risk of their investments and maximize their profit in a stable and secure way.



3. Market Analysis

Our target markets include two main demographics, which are partners and investors. The partner functions as a provider of investment classes and opportunities, either through their current companies or through project management. The first two target asset classes for Fydary will be real estate and hedge funds.

Real estate will involve several sub-categories, allowing for more opportunity for providers and investors all the same. Commercial, residential, land holdings, parking spaces, and vacation properties will all be available. The target partner will be a real estate management company, new construction developer, or holiday destination locations. These companies should initially be located within the EU due to compliance. Geography can be expanded as attorneys in various locations are brought in. Real estate is an ideal primary demographic to target due to its long history as being a safe long term investment in almost any location and under most financial climates.

The second partner target demographic will be hedge funds. The Fydary platform will allow hedge funds to access otherwise inaccessible funds for smaller investors due to a seamless management of funds for all investors of the platform. Target hedge funds will be located initially in Europe due to compliance, with eventual expansion to the United States, Asia and Australia.

According to the data of an international real estate advisor Savills⁵, real estate represented 58% of all fixed assets in 2016 on a global scale, which amounts to approximately USD 180 billion.

⁵ <https://pdf.euro.savills.co.uk/global-research/around-the-world-in-dollars-and-cents-2016.pdf>

Asset*	Investable (trillions)	Non-investable (trillions)	All (trillions)
ALL REAL ESTATE	\$81	\$136	\$217
RESIDENTIAL	\$54	\$108	\$162
HIGH QUALITY, GLOBAL, COMMERCIAL	\$19	\$10	\$29
AGRICULTURAL LAND	\$8	\$18	\$26
OTHER INVESTMENTS	-	-	\$155
EQUITIES	\$55	-	\$55
OUTSTANDING SECURITISED DEBT	\$94	-	\$94
ALL GOLD EVER MINED	-	-	\$6
GLOBAL MAINSTREAM ASSET UNIVERSE	-	-	\$372

*(values in US\$ trillions -rounded) Sources: Savills Research, Bank for International Settlements, Dow Jones Total Stock Market Index, Oxford Economics

3.1 Cryptocurrency Exchanges

As we can read in the Hiveex report for 2018⁶, several billion dollars worth of cryptocurrencies are sold and purchased every day on crypto exchanges. The number of cryptocurrency exchanges is rising exponentially each year. In 2015, 70 such exchanges existed, approximately 190 in 2018 and more than 240 as of the time of writing. In a report by Diar,⁷ we can read that digital cryptocurrency exchanges are extremely profitable, regardless of the market situation.

It is evident from data acquired from CoinMarketCap web portal⁸ (data acquired in October 2019) that the weekly average volume of top 100 exchanges is higher than 1.5 billion USD, while the monthly average volume exceeds 8 billion USD. One of the most celebrated exchanges in the last few years, Binance, generates the average volume in the amount of a little less than a billion USD per day, which in combination with their 0.1% commissions means that the exchange generates approximately one million dollars in profit every day.

⁶ <https://www.hiveex.com/hiveex-cryptocurrency-report>

⁷ <https://diar.co/volume-3-issue-1/>

⁸ <https://coinmarketcap.com/rankings/exchanges>

Total Monthly Market Volume (USD)	\$ 838,380,741,785.27
Top 10 Monthly Volume (USD)	\$ 215,907,083,766.30
Top 50 Monthly Volume (USD)	\$ 776,968,644,115.30
Top 100 Monthly Volume (USD)	\$ 777,911,319,776.47
Top 10 Average Monthly Volume (USD)	\$ 21,590,708,376.63
Top 50 Average Monthly Volume (USD)	\$ 15,539,372,882.31
Top 100 Average Monthly Volume (USD)	\$ 8,383,807,417.85
51-100 Average Monthly Volume (USD)	\$ 1,228,241,953.40
75-100 Average Monthly Volume (USD)	\$ 379,121,909.01

<https://www.hiveex.com/hiveex-cryptocurrency-report>

<https://diar.co/volume-3-issue-1/>

<https://coinmarketcap.com/rankings/exchanges>

3.2 Competition Analysis - Tokenization projects

The discussion on tokenization of tangible assets entered the mainstream in 2017 and became a major buzzword in a short amount of time. Overall, the reception of the idea of tokenization created a fervor of hype, as it is one of the best examples of potential mass adoption of blockchain technology into current financial and industry systems.

A large number of companies that operate in this field exists and they were substantially financed through ICO (Initial Coin Offering).

Name of the Company	Year of Establishment	Team Size	Market Capitalization
Blocksquare	2017	35	\$120,000
Brickblock	2017	13	\$2,000,000
Udap	2019	27	\$70,000,000
Tokenize It	2018	4	?
Tokeny	2018	22	?

Blocksquare

The principal idea of the project is to offer partial ownership of commercial real estate and receiving dividends from the ownership of tokens.

Advantages:

Pilot test for the purchase and lease of a parking space was performed, well-written Whitepaper, large team.

Disadvantages:

It only focuses on commercial real estate, without any sign of aggressive partnership programmes, their token is quoted on only one exchange and has a minimum daily volume, failure to meet goals, antiquated roadmap and general lack of providing information to the owners of tokens regarding the state of the company and future goals.

Brickblock

The basic idea is to offer a partial ownership of real estate.

Advantages:

They have established several partnerships and they successfully implemented a tokenization of a property in Germany worth EUR 2 million.

Disadvantages:

Defunct portal and team, which mostly consist of advisors; they are also very inactive on social networks.

UDAP

They aim to establish a decentralized platform for tokenization of assets.

Advantages:

They have more than 30 business partners, large team and their token is traded on the decentralized platform Binance.

Disadvantages:

Sole focus on building the technology without a good business plan for actual utilization, as well as sub-par graphical identity and missing LinkedIn profiles of the team.

Tokenize It

The basic idea is a centralized platform for issuing tokenized shares (securities).

Advantages:

Bank licence for operating in Costa Rica.

Disadvantages:

The team has only four members; also, they are only focused on Costa Rica and trading with verified investors.

Tokeny

The principal idea is to build a white label tokenization platform for issuing tokenized shares (securities).

Advantages:

Large team and good presence on social media.

Disadvantages:

Missing data on the project and sole focus on building technology for their white label service and lack of actually implemented projects.

3.3 Competition Analysis - Cryptocurrency and Traditional Exchanges

Competitor	Established date	Size	Monthly Downloads or Views (September 2019)	Value to customers	Strengths	Weaknesses
Robinhood	2013	251-500	602,592 (d/l)	Multiple asset classes to trade	Zero Commission	Geography limited, only available in some US states
eToro	2007	501-1000	240,860 (d/l)	Social trading platform	More intelligent trading	Terrible advertising and slowing growth
Binance	2017	251-500	20,532,623 (views)	Many altcoins to choose from	Good geography availability and trading pairs	Only trades in crypto currency
OKEx	2017	251-500	1,468,704 (views)	Lots of trading pairs, high level of security	High trading volume	Only trading in crypto and crypto futures
Coinbase	2012	251-500	165,983 (d/l)	Fiat to crypto onboarding	Fiat incorporation, top preference for fiat to crypto	Few trading pairs, no/few trading options; high fees
LAToken	2017	11-50	563,869 (views)	Crypto and IEO offerings	Many trading pairs	Overly simplified trading platform, many weak altcoins

Competitor	Established date	Size	Monthly Downloads or Views (September 2019)	Value to customers	Strengths	Weaknesses
KuCoin	2013	51-100	2,332,265 (views)	Crypto trading	Strong presence in Asian market	Only focused in crypto trading
Huobi	2013	1001-5000	1,808,274 (views)	Crypto trading	Heavy VC backing, located in China	Crypto trading only, no US option
Gemini	2015	101-250	525,162 (views)	Crypto trading and OTC	High level of compliance	Extremely limited geography

4. Legal

4.1 Asset Tokens

Previous attempts at tokenization were based on a legal structure of underlying assets, which differs from our solution. The term underlying asset is used when trading securities or receivables when a guarantee in a movable or immovable property is offered as insurance of a payment. The term is also extended to digital tokens, when these are backed by an insurance payment in the form of property. These are often referred to as security tokens.

Security tokens are a promise that the investor (owner of the tokens) will receive returns from the yields created by a certain property and will be disbursed in case of sales in exchange for their ownership (such as tokens or securities). Funded assets constitute a guarantee for the payment of the security.

Therefore, the underlying assets, which represents securities, are not legally owned by the owner of the security or token but by a third party. The owner of the guarantee may be a financial institution, bank, investment fund or web portal. Owners of security tokens trade only with the promise of the right to get returns from the property. They do not formally own the underlying asset, but they do own the claim to the property owner in so far as it generates profit or is sold.

The advent of blockchain has led to the development of technologies that enable dematerialization and decentralization of services. It does not require a general manager and utilizes code to enable solutions that were not possible until now.

The idea of the Fydary portal is that the tokens represent a legal and economic certificate of property ownership. Thus, the method of tokenization of assets differs substantially from now known solutions in practice.

The legal format that we designed for our platform introduces the newly minted term asset token. Asset tokens constitute proof of ownership of the asset. Contrary to security tokens, the owners of tokens are the actual owners of the property for which the token was issued. They are not only eligible for returns and payments from their assets, but are able to directly manage it. By selling the tokens, they are selling their fractional ownership of the asset.

4.2 Asset Fund

The form of investment is important for the safety of cross-border investment, providing financial autonomy and legal security of property. To satisfy this criterion, we organize tokenized property into asset funds.

Asset funds represent a complete economic and legal whole of the tokenized assets. A legal whole is its own legal entity, which provides legal independence, separation and security of the fund. Unforeseen events in another tokenized asset fund therefore does not impact any other fund.

Asset funds are formed through a contract establishing the fund. This is an agreement on the rules of its operation. The contract on the rules of the fund represents a negotiated agreement by which the owners of tokenized property determine the mutual relations and the manner of their management. With it, asset token holders determine which assets comprises the fund, how it's managed, how the profit or other financial assets are divided between owners, the conditions for the liquidation of the fund and the sale of assets, the development strategy and the like. The agreement also includes fund management costs and other relationships. This agreement should not be confused with so-called smart contracts.

Every asset fund must be managed. The method of management is determined by the owners of the asset fund, i.e. the holders of asset tokens, which is determined upon the establishment of the fund and, if necessary, later adapted to current economic and logistical requirements. Returns from the assets, and the rules of operation of the individual fund are not in correlation with other asset funds.

Each asset fund is designed as its own legal entity in the form of a corporate company, and as such, it is entered into the business register of the country of origin. Usually, this is a limited liability company. With the establishment of the corporate entity, the investment is legally and financially separate from other investments listed on the portal and obtains legal and economic independence.

The owners of the fund asset tokens are the owners of this legal entity - corporate company. On behalf of the owners, a mutually trusted person is entered in the official register, whom we call fiduciary. This may be a legal or natural person. To allow for rapid trading of asset tokens, not every change in ownership of the asset tokens is entered in the official register of the company. It is entered only at the explicit request of the holder of the asset tokens.

4.3 Fiduciary relationship

Changing the ownership of the asset fund is carried out through our exchange which enables the sale or purchase of asset tokens. Obtaining ownership of various types of property is subject to the legal and tax systems of individual countries. For obtaining the ownership of certain types of assets a potential investor must be entered in all sorts of registers, records and can also be subject to certain bureaucratic constraints. These procedures differ from country to country. They also differ in terms of tax liability for the transfer of assets, which is specific to certain types of assets and means of their acquisition.

Since the Fydary portal allows for trading assets without limitation, the diversity and susceptibility to various bureaucratic procedures for each individual asset would prevent its tokenization and it being easily tradable. Each new token owner would have to carry out the entire bureaucratic process and go through the administrative maze of the state where the property is located.

Therefore, the asset funds on our site are organized as corporations. These are set up in countries that have signed bilateral agreements with other countries and cover as large a single market as possible. The most suitable are companies established in the European Union. These can purchase assets throughout the European Union market, the US and many Asian and African countries. A legal entity from one EU Member State can buy assets in any other Member State, without restrictions, and everywhere where the said bilateral agreements are set in place.

The Fydary portal will develop asset funds that will be established in various EU Member States and countries that have signed bilateral agreements with other regions of the world. This will allow for the widest possible coverage of the global market and thus enable cost and tax optimization of the tokenized assets.

In business, a need often arises that an undertaking or certain assets are officially owned by another person. In law, such relationships are called fiduciary. Ownership of asset funds is organized in the form of a fiduciary.

Each asset fund has one or more fiduciaries. They hold assets on behalf of beneficiaries. Holders of asset tokens are the beneficiary owners of the fund. The role of the fiduciary role is limited to formal ownership of the fund and holding the assets on their behalf. A fiduciary may be a legal or natural person. The authorizations of fiduciaries are limited to ownership, and they have no other legal or organizational authority. Each holder of an asset token can always decide to become the direct owner of their share of the fund without a fiduciary. However, fiduciary ownership is the one that allows for simplified trading and changing token ownership.

With the fiduciary form of ownership of asset funds and duties imposed on the fiduciary, we have chosen the most appropriate form of investment security to investors. The fiduciary ownership facilitates simplified operations, the security of the investor and the diversification and liquidity of their investments.

4.4 Incorporation agreement

The contract establishing the asset fund also establishes a fiduciary relationship and sets out common rules and relations between the participants and the way to achieve consensus. Dividends and other returns from the ownership of the asset fund are shared to investors following a key specified in the agreement. In the case of resolving issues between the parties, the incorporation contract lays down a two-stage extraterritorial arbitration.

The contract on establishing the fund in accordance with the Fydary platform rules is the foundation for the creation of the asset fund. It should contain all the essential elements for its operation. When the owners of asset tokens accede to the fund via buying tokens, they also accede to the incorporation contract. The contract regulates relations of the fund to external and third parties, between the owners of the fund and provides the business policy.

It follows that the essential issues and the ingredients of the articles of association are to be decided by a majority vote and unanimously for some issues.

Relations between the owners may be regulated in different ways. They may be regulated similarly to legal entities of a societal or corporate type or are limited to the most essential elements justifying the existence of the asset fund and the rest is left to a later agreement, when the essential elements are voted on by the owners with their shares.






The complexity of the contract establishing the fund is reflected the way external and internal relationships between participants is established and the business policy that is specific to each fund. The enforcement of contracts is reflected in the fact that due to its multilateralism, the contract is essentially governed by the law of obligations of participants and therefore deviates somewhat from those which would apply to traditional bilateral relations.

In the contract, the partner may determine and propose a governance structure for the fund they have initiated. It is also within their domain to propose fiduciaries to be the bearers of ownership, although the investors (asset token owners) may subsequently replace the fiduciary with consent.

Changes in the contract establishing the fund in accordance with the rules of the platform become valid only on the date of the vote on the amendment and publishing on the Fydary portal. If there are no disputes on the amendment, the latter shall take effect upon publication, which means there is a publicity effect for all owners.









4.5 Types of funds

The contract on establishing the fund must contain five sets of rules that define the legal and investment relationship and functioning of the fund. Types of funds are formed by the users according to their needs. Therefore, in this chapter we list a few forms and methods of operation of the fund. The contract establishing the fund should cover the following five topics.

-  Investments and assets
-  Form and type of fund
-  Fiduciary relationship and management
-  Relationships between owners
-  Investment Policy

4.5.1 Investments and assets

An essential bit of information in the implementation contract is which investments and property will be tokenized. There are various types of investments and property. When the platform goes live our main focus will be on real estate, hedge funds and autonomous farming, with others assets and investments (listed bellow) introduced later.

-  Real Estate
-  Securities
-  Movables
-  Foreign Currency and Precious Metals
-  Financial Claims
-  Shares of Enterprises
-  Financial Rights
-  Crypto Tokens

4.5.2 Forms and types of funds

4.5.2.1 Open - closed fund

A closed fund is a fund where a fixed size of property is tokenized in advance. At the time of establishment, property of a certain value will be transferred to the fund. A one-time and predetermined number of asset tokens will be issued for the ownership of the fund. Emission of tokens is limited as new tokens cannot be issued after they are released. The owners cannot invest new property in the fund. An example of such a fund is a real estate fund.

Example:

A property with the value of EUR 1,600,000.00, located in the German city of Munich, is tokenized in the fund. 1,600,000 tokens named RE12-MUN are issued for the fund. Each asset token is thus initially worth 1 EUR.

An open fund is a fund where each investor can use their property in various forms to invest continuously and receives a set number of tokens in return. For each unit of property invested, the holder receives the set amount of tokens.

Example:

A fund tokenizes a foreign currency of USD. Anyone who has invested in the fund receives USD 1,000.00 = 1,000 tokens named FUSD. Each asset token is worth 1 dollar. Investors can keep tokenizing their property.

4.5.2.2 Temporary - permanent fund

A temporary fund is a fund set up for the period until the value of the asset reaches a certain value or for a certain period of time. After the expiry of the period, the asset is sold, and the profit - cash is distributed to the owners.

A permanent fund is a fund established permanently and from which we expect continuous yields from the asset. For such a fund, there is no time period or asset value at which it is to be sold. Owners may change this decision with consent.

Example: (temporary fund)

A property with the value of = EUR 1,100,000.00, located in the French city of Marseille, is tokenized in the asset fund. 550,000 tokens named RE12-MSL are issued for the fund. Each asset token is therefore initially worth 2 EUR. If the property reaches a value of 1,600,000.00 EUR and it is possible to sell at this price, the contract establishing the fund provides that the asset should be sold and the money paid to the holders of the fund (tokens), and the fund closes.

4.5.2.3 Asset - investment fund

An asset fund is a fund to which assets are transferred upon its establishment. The asset fund is a fund in which previously known assets are tokenized.

An investment fund is a fund for the collection of monetary assets that will be spent buying property or investing in business projects. The investment fund collects funds from which assets will be purchased or created. The purpose of the fund is determined by the incorporation contract.

4.5.2.4 Positioning fund

A positioning fund is a fund in which the partner or other participants guarantee the owners that the asset value will not drop below a certain value or reach a certain value. They can also guarantee minimum returns on assets. Relations between the owners of the positioning fund are governed differently than in other types of funds, as one part of the owners guarantees for the income or the value of the asset to the other part.

4.5.3 Fiduciary relationship and management

With a fiduciary relationship, the owners determine the fiduciary. The Fydary portal provides a set of choices between various fiduciaries and various types of fiduciary relationship. Owners also appoint asset managers if necessary. The manager is chosen from the selection of the managers offered by our portal, but one can also be chosen at the owners' discretion.

Example: (manager)

A property with the value of KRW 3,000,000,000.00, located in the Korean city of Busan, is tokenized in the fund. The property has several tenants who regularly pay the rent. The manager is responsible for rent collection, maintenance of the property and the regular monthly payment of the rent to the owners of asset tokens.

4.5.4 Relationships between owners

This part of the agreement determines the relations and the voting rights of token holders. Voting rights are determined in the manner of majority voting. The voting method is set at 50%, 75% or 90% of the votes. It is set differently depending on the issues to be voted on. The vote on the economic entitlements and asset management is recommended with a 50% majority for the vote, while for issues that would alter the relations between the owners or modify the contract establishing the fund, a 90% majority is recommended.

4.5.5 Investment policy

The investment policy is also defined in the contract establishing the fund. It is used to determine how cash returns are paid, when and under what conditions certain property is sold, what proportion of the revenue shall be used for further investment and what are the estimated costs of the investment. The investment policy must be clearly defined for each fund separately, because it is specific for each individual type of assets.

4.6 Establishment process

The partner is the person who starts the process of establishing the fund because of tokenization of assets or collection of investment funds. In order for the partner's offer to be suitable for the

establishment of a fund, a five-phase test must be conducted. Some phases may be performed simultaneously or combined depending on the specifics and requirements of the assets being tokenized.

The first phase is the offer itself. It must be suitable for publication and must include a detailed description of the asset and the form of the fund, the key elements of the business proposal, expectations, timelines and costs associated with the implementation. Partner gathers input from potential investors as well as notes the market potential of investments and the interest for their offer.

In the second phase, partner prepares a final version of the contract establishing the fund, the fund type, the way of asset tokenization and further notes the market interest in their offer. At this stage, the Fydary portal provides logistical, business and technology support to the partner.

All offers must complete the third phase of the test. It is necessary to check the claimed facts in detail and establish the actual state of ownership and size of the asset, its value as well as all other alleged facts. All facts must be unambiguously verified for the security of the investors. A financial, legal and factual audit is made of the offer, and the report on the audit is made public and is intended for prospective investors.

The fourth phase is the founding phase of the fund, for which the partner decides when the audit is complete. The fourth phase is associated with costs and the establishment of the fund. These are related to the transfer of property to a newly created asset fund and are borne by the partner. In this phase, the assets are transferred to the newly established fund, the contract incorporating the fund is locked, the fiduciary is determined and if necessary the manager of assets is appointed. Lastly emission of tokenized assets is issued in the form of asset tokens.

The fifth phase is the phase of selling the issued asset tokens. The holder of the initial token emission decides on the method of sale. They can select multiple methods of sale, such as an auction by raising prices, an offer at a fixed price or any other auction for the sale of tokens (English auction, Dutch Auction, OpenIPO...).

5. Technical

The Fydary platform is based on best practices that are used by the most respected web platforms today. We also substantially utilize blockchain technology, which is the primary foundation of the whole business proposal. The biggest distinguishing factor of our project from many other projects that are based on the same technology is that Fydary does not focus primarily on innovating in the technological field, but more on the business aspect of providing excellent user experience that is based on intuitive use, transaction speed and most of all safety for its users.

Fydary will be available as a platform on both web and mobile as we wish to reach as many potential users as possible. Due to the fact that this project will be fairly centralized, Fydary is paying special attention to security as exchanges are attractive targets for hackers and other bad actors.

5.1 Fydary Token

The Fydary Token(\$FYD) is based on Ethereum ERC20 standard and is a utility token, as the platform is not usable without smart contracts. As use of fiat money will not be enabled on the platform, the Fydary token will be the main trading pair for all tokenized investments. In addition to Fydary Coin, we also plan the use of at least 3 trading pairs, i.e. Bitcoin, Ethereum and USD Coin.

As Fydary targets the general and global population who are interested in tangible investments and investments that were unavailable to them thus far, it is our goal that user will not be required to have knowledge or experience with the use of blockchain technology. The ultimate goal is that users do not realize which technologies run and enable the functionalities of the platform.

The Fydary Token will only have 2 decimal places, as 2 decimal places are easily recognizable to all; additionally, high supply will be ensured (1,000,000,000), as we wish to provide as high liquidity as possible. As we cannot expect high enough market capitalization that would enable liquidity without extreme volatility, Ethereum will be primarily used for investing and pay-outs of dividends/yields; however, we expect and wish to gradually ensure that only Fydary Coin is used for investing.

Fydary will distribute the partner listing fees it receives on a regular basis to the owners of Fydary tokens. Additionally, traders will be able to ensure lower transaction fees for staking a certain amount of tokens.

5.2 Asset Tokens

At this point, Fydary brings forth a new definition/new form of token, which is neither a utility token, security token or a cryptocurrency but combines features of all three. The most suitable name for the new form of token is Asset Token, as it is a token that represents the ownership and countervalue of a completed investment and is at the same time quickly and easily transferable as well as ensures liquidity, which was unavailable or significantly restricted thus far. Additionally, asset tokens contain governance abilities which allow for token holders to manage their respective assets. Considering functionality in regards to investment, the Asset Token brings certain benefits, such as distribution of dividends or capital yield.

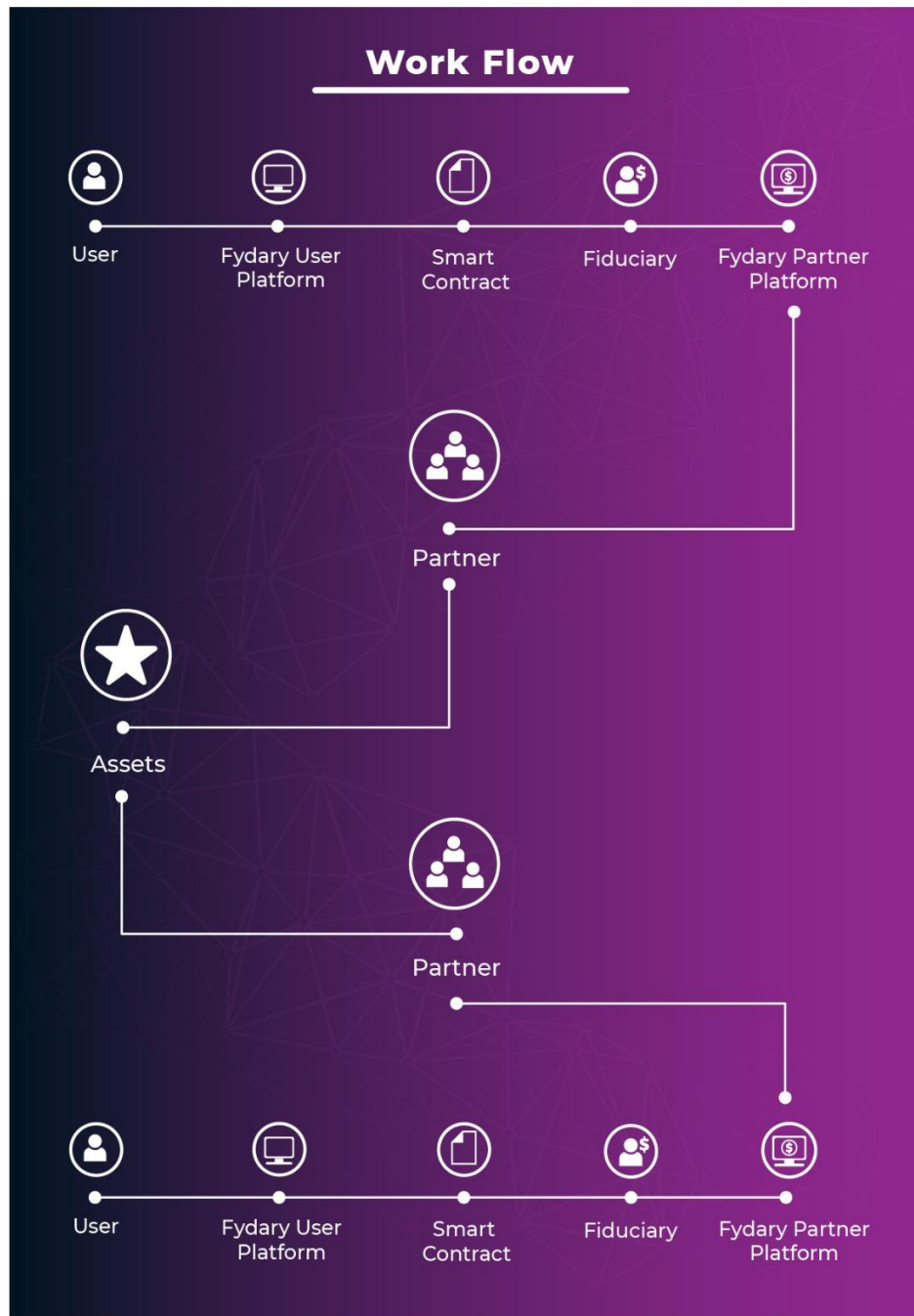
5.3 Usage of other crypto solutions

At Fydary we focus mainly on being able to offer our products/services to the general population as soon as possible, that is why we are planning on using other cryptocurrency solutions out there instead of spending a lot of time and effort developing our own. Already developed and still being upgraded products and services that solve problems like KYC, governance and 3rd party fiat to crypto payment processors will be integrated into the platform.

5.4 Using the platform in practice

The workflow is straightforward with the Fydary platform for both users as well as partners. From the user side, the user first interacts with the Fydary platform to trade, invest and manage their portfolio. The platform then interacts with a specific smart contract that executes various tasks from the platform. The smart contract then interacts with a fiduciary who is a legal representative for the assets being managed. The fiduciary then relays any relevant information to the partner via the partner platform, which is designed to be as simple as possible for partners. The partner then may or may not interact with the asset to make any appropriate changes.

The workflow for partners is the same as it is for users, but in reverse:



6. Business Development

6.1 Industry Potentials

The Fydary platform has excellent potential to work in a wide variety of industries due to proper legal compliance, fiduciary management, and smart contract management. While different industries do not follow a *cookie cutter* approach of platform implementation, there are similarities in governance and onboarding that can apply to most or all partners and assets. Our initial industries within business development efforts will focus on the following, but may change due to needs or demand:

- **Real Estate:**
 -  Office Space
 -  Parking Garages
 -  Large Residential (20+ units)
 -  Warehouse Space
 -  Shopping Malls
 -  New Construction
- **Financial Services:**
 -  Traditional Hedge Funds
 -  Quantitative Hedge Funds

A further expansion of industries to initially target will include the following, with potential for the industry list to expand or decrease based on demand. While almost anything can be tokenized in theory, and many other projects have been ambitious in this way, the reality is that certain industries and asset classes require significantly more time, effort and resources in order to properly integrate to tokenization. Through extensive research, we believe the following industries can be tokenized in an achievable way and have action plans in order to make this a reality:

Real Estate:

- ▶ Office Space
- ▶ Parking Garages
- ▶ Large Residential (20+ units)
- ▶ Warehouse Space
- ▶ Shopping Malls
- ▶ New Construction
- ▶ Holiday Destinations

Financial Services:

- ▶ Traditional Hedge Funds
- ▶ Quantitative Hedge Funds
- ▶ Venture Capital
- ▶ Financial Rights
- ▶ Financial Claims
- ▶ Shares of Enterprises
- ▶ Foreign Currencies and Precious Metals

Renewable Energy:

▶ Solar

▶ Wind

▶ Hydro

Manufacturing:

▶ Automated factories

Automated Farming:

▶ Hydroponic

▶ Aeroponic

Transportation:

▶ Automated Vehicles

▶ Taxi

▶ Shipping

▶ Freight

Charity:

▶ Green

▶ Education

▶ Hunger

6.2 Expansion Goals

6.2.1 Key customers

Key customers will be middle to high income earners with interest in investing in real estate or hedge funds, but do not necessarily meet minimum financial requirements in order to be considered an investor (\$200,000+/year for a minimum of two years or at least \$1,000,000 USD in assets). While Fydary is excellent for those that have an interest in cryptocurrency and are active in trading, Fydary is also a solution for traditional traders as it includes new markets that have not been available elsewhere.

6.2.2 Growth Potential

Fydary has an advantage over current cryptocurrency and traditional trading platforms in that the potential users reach across both industries, as well as opening the opportunity for investors that are focused within specific industries that Fydary offers. For example, Fydary will have a trading view option that is built in a simple way that non-traders will be able to understand. This will allow individuals that are only interested in diversifying their real estate portfolio to do so in a simple way without having to learn how to read charts and indicators.

The following statistics show specific industry market caps, as well as number of individuals that participate in such markets. With our marketing and expansion strategy, we are only looking at countries in which we have specific partner acquisition strategies for and have estimated only acquiring a 0.1% market share total.

6.2.3 Real Estate Data ¹⁰

Country	Market Size (2017, USD Billion)	Percentage of Professionally Managed Market	Market Potential (100%, USD Billion)	Fydary Potential Market Share (0.1%, USD)
United States	2,974	0.131	389.594	\$389,594,000.00
Japan	798	0.211	168.378	\$168,378,000.00
United Kingdom	720	0.409	294.48	\$294,480,000.00
France	422	0.386	162.892	\$162,892,000.00
Canada	320	0.371	118.72	\$118,720,000.00
Australia	281	0.537	150.897	\$150,897,000.00
Switzerland	235	0.462	108.57	\$108,570,000.00
Sweden	213	0.467	99.471	\$99,471,000.00
Netherlands	163	0.314	51.182	\$51,182,000.00
Spain	102	0.207	21.114	\$21,114,000.00
Finland	76	0.319	24.244	\$24,244,000.00
South Korea	73	0.381	27.813	\$27,813,000.00
Denmark	64	0.082	5.248	\$5,248,000.00
Belgium	58	0.18	10.44	\$10,440,000.00
Norway	54	0.316	17.064	\$17,064,000.00
Poland	48	0.115	5.52	\$5,520,000.00
Taiwan	44	0.064	2.816	\$2,816,000.00
Austria	42	0.196	8.232	\$8,232,000.00
Ireland	31	0.357	11.067	\$11,067,000.00
Portugal	30	0.29	8.7	\$8,700,000.00
Malaysia	29	0.325	9.425	\$9,425,000.00
Czech Republic	21	0.127	2.667	\$2,667,000.00
Thailand	19	0.254	4.826	\$4,826,000.00
New Zealand	19	0.562	10.678	\$10,678,000.00
			Total	\$1,714,038,000.00

6.2.4 Real Estate Business Development Strategy

The approach for acquiring a significant amount of the global real estate market is to target the largest real estate management companies and developers by offering exclusivity clauses for certain periods of time and geographies. This allows for several things to happen:

- ▶ Large partners can manage more assets at once
- ▶ Less management allowing for easier onboarding and continued management by Fydary
- ▶ Use of human resources to be reallocated to further geographical expansion

We will combine an approach of direct business development connections in order to secure partnerships with targeted marketing funnels in order to attract potential partners. Additionally, our Pilot Partner Program will waive any listing fees that may be associated with fundraising through Fydary, allowing for larger partners to save potential millions.

6.2.5 Hedge Fund Business Development Strategy

The hedge fund global assets under management are estimated at \$878.1 billion USD in 2018, according to several sources⁹. While there is potential to give hedge funds an unlimited flow of capital raised through Fydary, we estimate based on specific fund partners and slight geographical restrictions that we will be able to include an additional 0.15% of additional funds into hedge funds, allowing for \$1,317,150,000 USD. This number could increase dramatically through an increase in users; however, this is speculative and we cannot provide accurate projections at this moment.

Our partner acquisition strategy will be exclusivity based on geographical location and split between 1 partner for traditional hedge funds and 1 for quantitative hedge funds. Funds will be given priority based on volume of assets managed, larger average returns, and track record of regular positive returns.

⁹ <https://www.winton.com/research/how-big-is-the-hedge-fund-industry>

6.3 User Acquisition Action Plan

Our user acquisition plan will flow according to the following outline. This can be flexible and adjusted based on growth and future demand. This is to serve as an outline; it should not be viewed as a definitive action plan.



7. Mass Financing through IEO

In December 2019, Fydary will raise funds through IEO (Initial Exchange Offering), which can be most simply explained as the initial public offering in the crypto world. This is an upgrade from the ICO system (Initial Coin Offering), which was extremely popular in 2017; however, its popularity decreased after the SEC (Securities and Exchange Commission) issued its opinion of ICOs being problematic, as well as the subsequent cryptocurrency bubble burst. The bursting of the bubble at the start of 2018 rocked the cryptocurrency market and decreased the interest for investing into ICO projects; however, a significant increase in demand was observed in the last few months.

In part, the reason for increased demand is the transformation of ICO projects, which had previously sought to secure financing through completely nonregulated and vulnerable systems, into IEOs which have higher levels of security and verification..

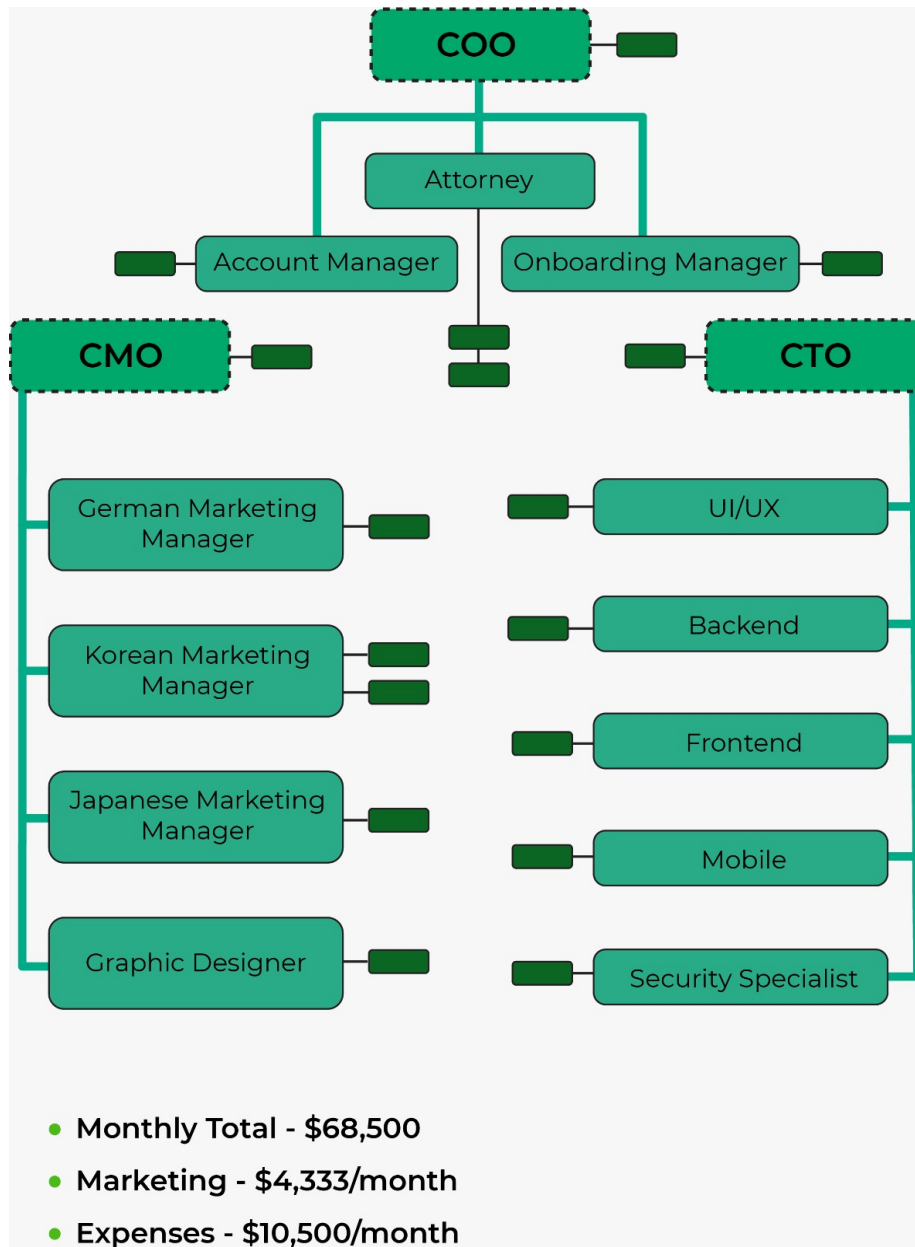
In the past, companies that build on blockchain technology executed ICO by themselves, which meant that they had to draft a smart contract, ensure suitable protection of the website and aggressively promote the ICO event. IEO is performed differently in that the main role of each aspect of fundraising is assumed by cryptocurrency exchanges.

The exchange drafts the smart contract, ensures security and helps to promote the project via their own media channels. It offers the company's coin for trading shortly after the sale of tokens is successfully completed. This makes a significant difference as in the past an ICO could be performed by anyone. The exchange invests a lot of time into reviewing the project and the team is also very wary of drawing any negative publicity in case the project proves to be impossible to implement or is a scam.

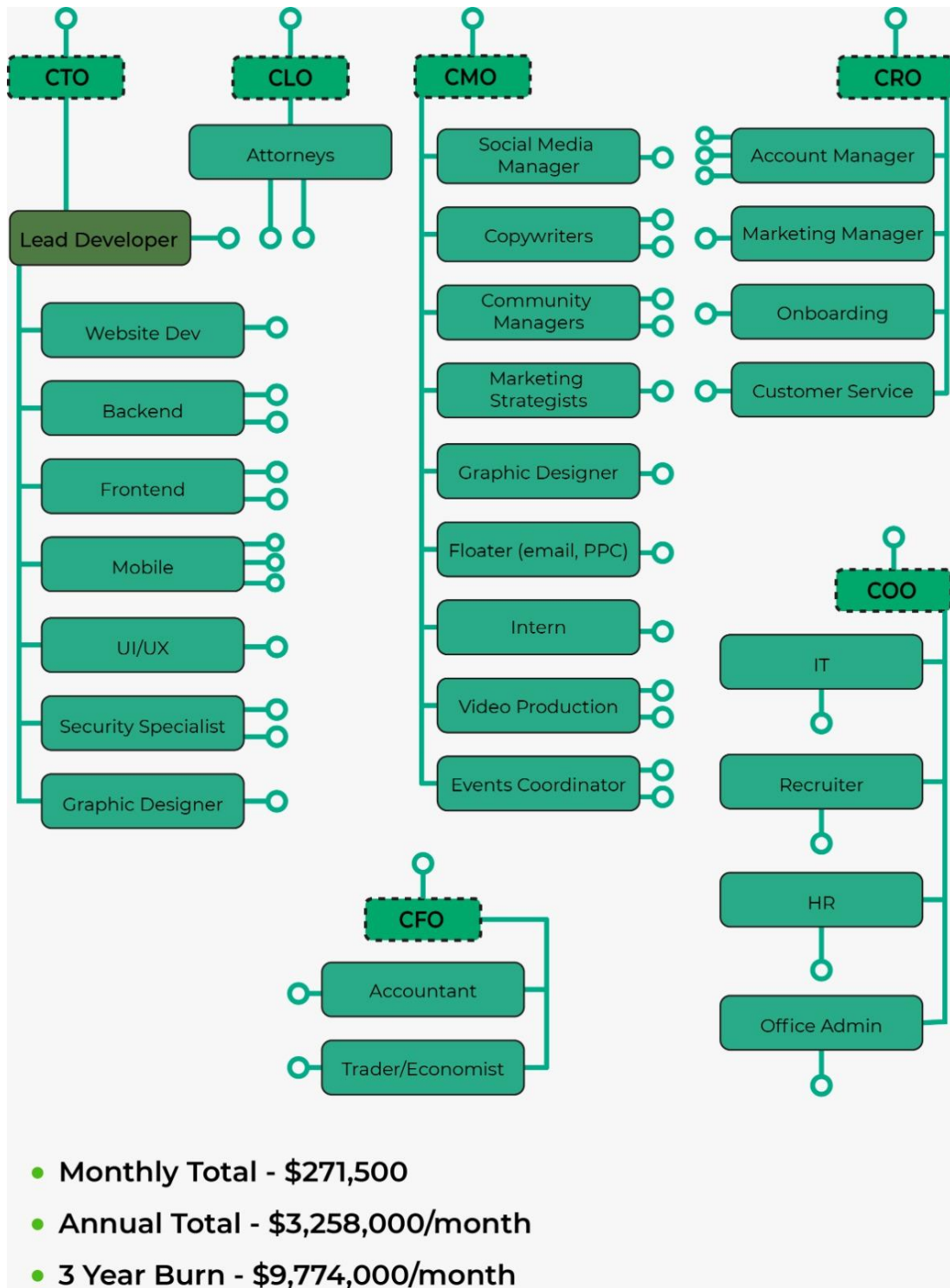
7.1 Finance

In order to make the project successful and reach a profitable point, we will need a minimum of \$3,000,000 USD. This will give us the minimum required staff with a very small marketing budget at a 36 month burn rate. Our goal is to become profitable within 18 months.

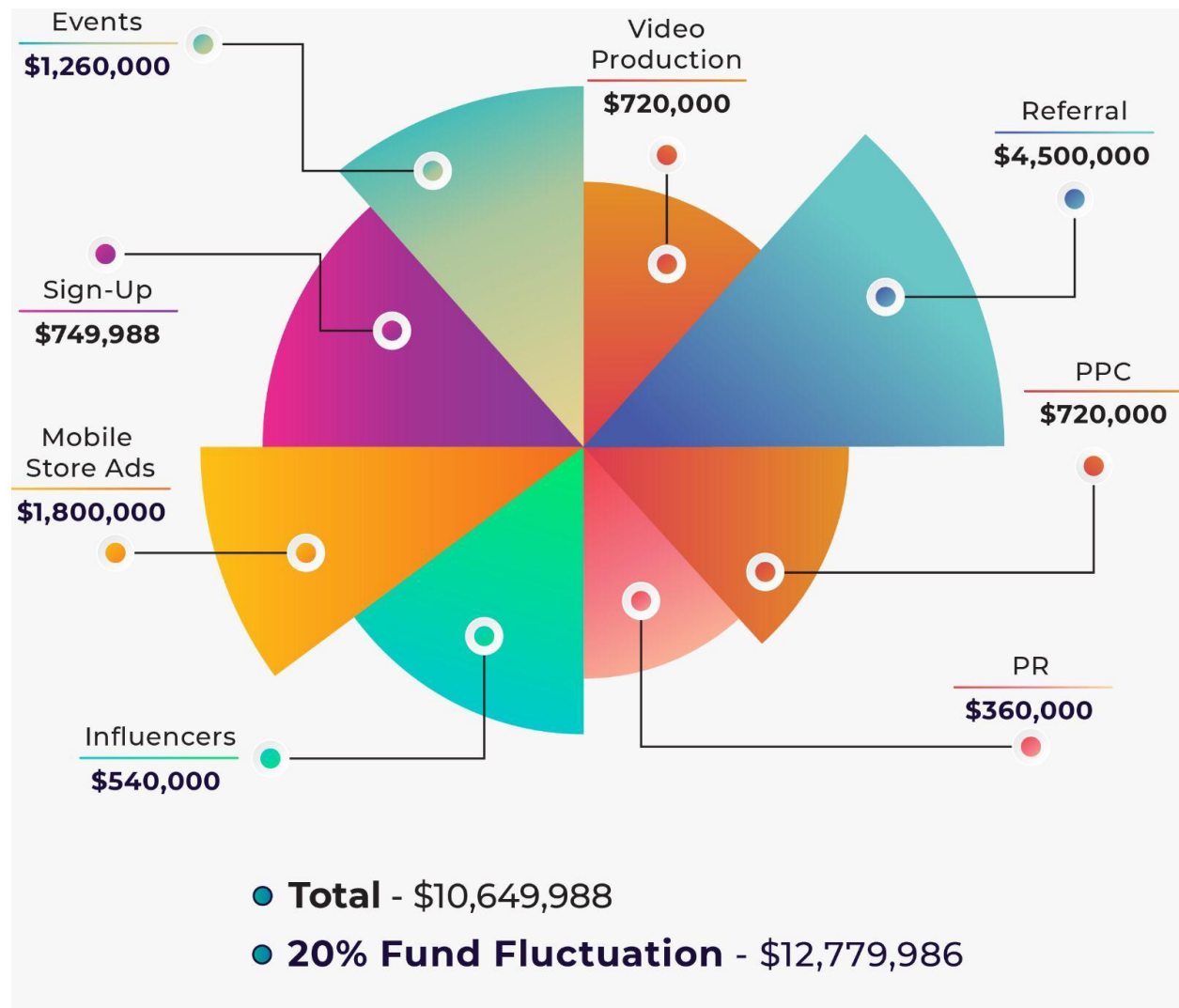
Our minimum staff required and marketing budget is as follows:



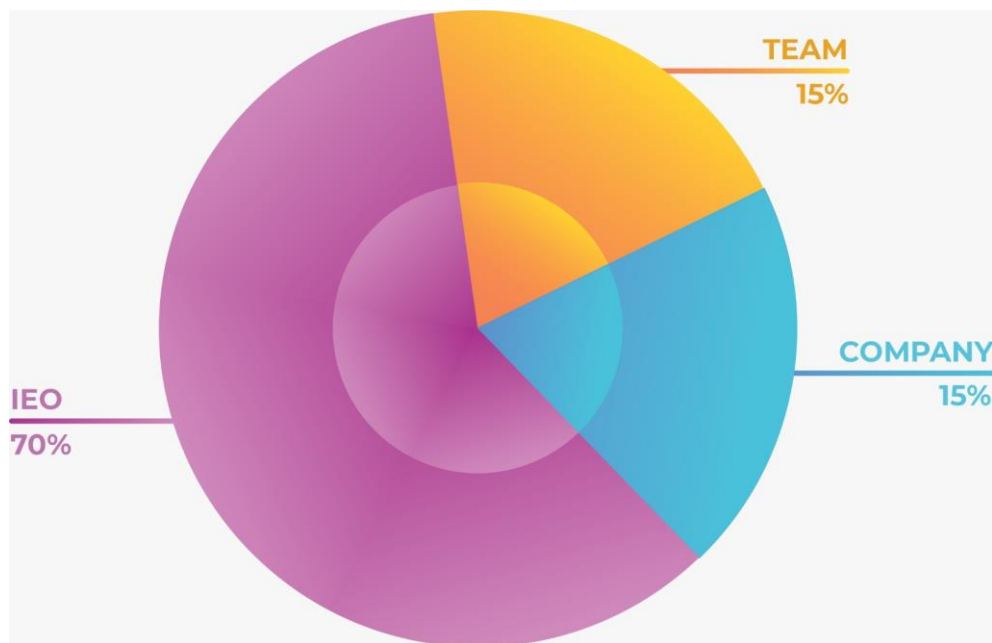
In order for us to achieve full functionality, we are looking to raise \$28,700,000 USD. This will give us the highest chance of success by having the required amount of employees to bring Fydary to market, with a substantial marketing budget to aggressively target both partners as well as users. The following shows both fully-staffed team, as well as allocated marketing budget.



Marketing fund distribution is focused exclusively for user acquisition. Targeted exposure with quality and entertaining content is a priority. The leverage of marketing channels for widespread brand awareness tied with aggressive sign up and referral bonus should result in high levels of interest, both for pre-sign ups as well as for live platform signups. Retention will be based on platform features, relevant updates and user participation in social events. Rapidly building channels in multiple geographies and languages is a priority, with English, German, Korean and Japanese being our primary markets.



7.2 Token Distribution



Fydary is selling up to 70% of tokens in order to raise capital via Initial Exchange Offering. Soft cap, i.e. minimum funds required for the implementation of the project, is set at \$3,000,000 USD. Hard cap, i.e. the amount of funds required for the best and fastest user acquisition and project implementation, is set at \$28,700,000 USD.

We will be selling up to **700.000.000** Fydary tokens (ticker: FYD) at **\$ 0.041** per token.

Assets, intended for the team, which act as an additional motivator and remuneration for good and successful implementation of the Fydary project are locked for 1 year and are then unlocked by 25% every 3 months.

Company tokens are intended to be held and only used in the event of a needed liquid cash injection; however, we are planning on never needing to do this, as our profit point should occur well before initial funds are depleted. Additionally, Fydary has motivation to hold company tokens as we would receive a decent amount of dividends from the platform, just as any other user will.

7.3 Value expectations

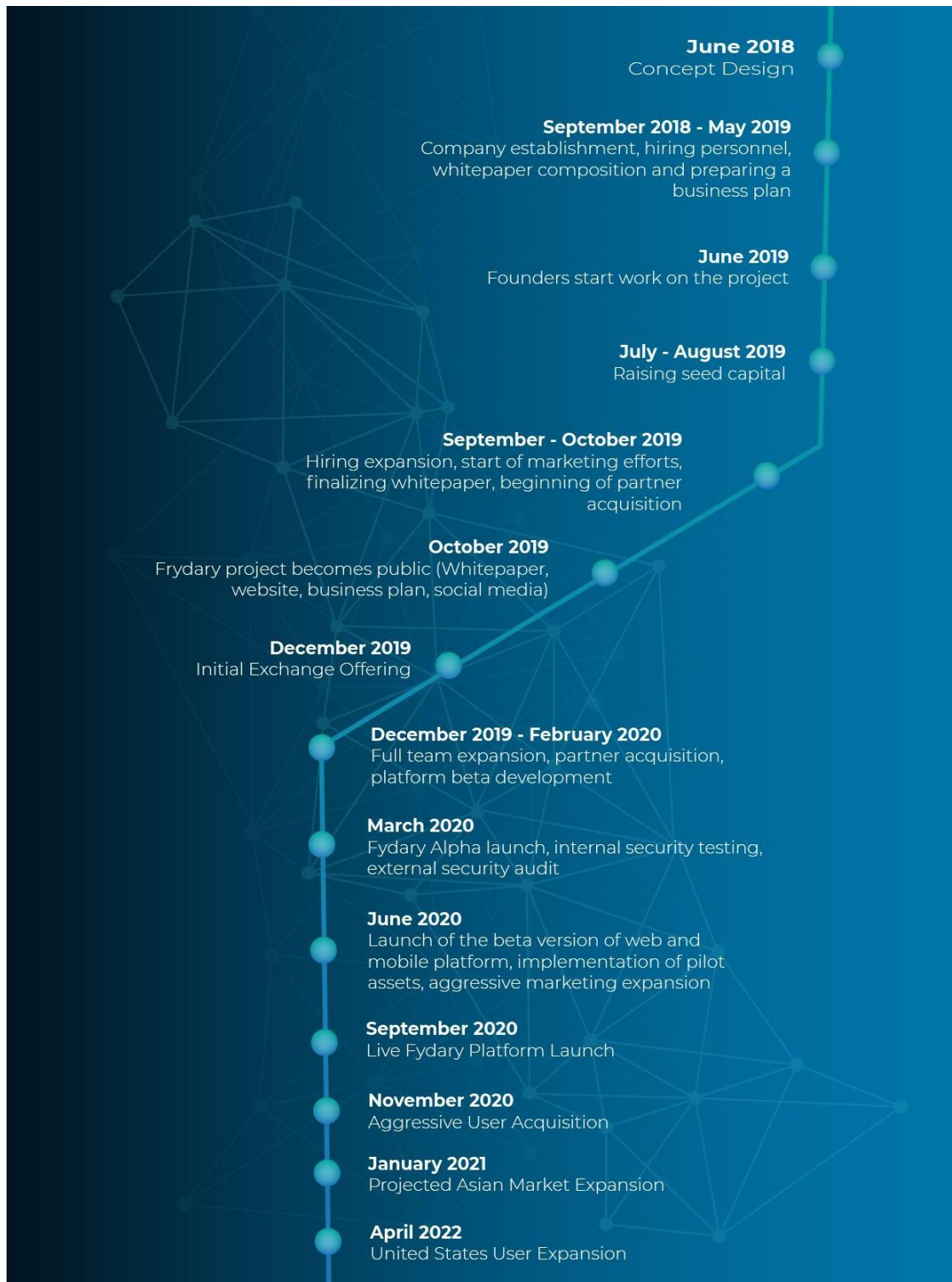
At this time we are comparing Fydary token to Binance coin for several reasons like both projects running an exchange and being innovative in the finance sector. Using the data available on CoinMarketCap¹⁰ Binance coin had an average daily volume of 182,010,820 USD (measured from 1st till 30th of September 2019) being listed against 273 pairs on 44 exchanges.

Fydary Token will first be listed on the partner exchange where the IEO will take place, with other respectable exchanges followed later. On top of distributing income from the listing fees on a regular basis to token holders, we are also planning on lowering trade fees for users willing to stake a certain amount of tokens in the future. FYD will also be set as the default trading pair for all tokenized assets (along with BTC, ETH and USDC).

When Fydary token reaches a high enough market capitalization, which brings liquidity and price stability we will start enabling users to use Fydary coin to invest into tokenized assets and add an option to receive dividends in Fydary instead of Ethereum with some extra benefits.

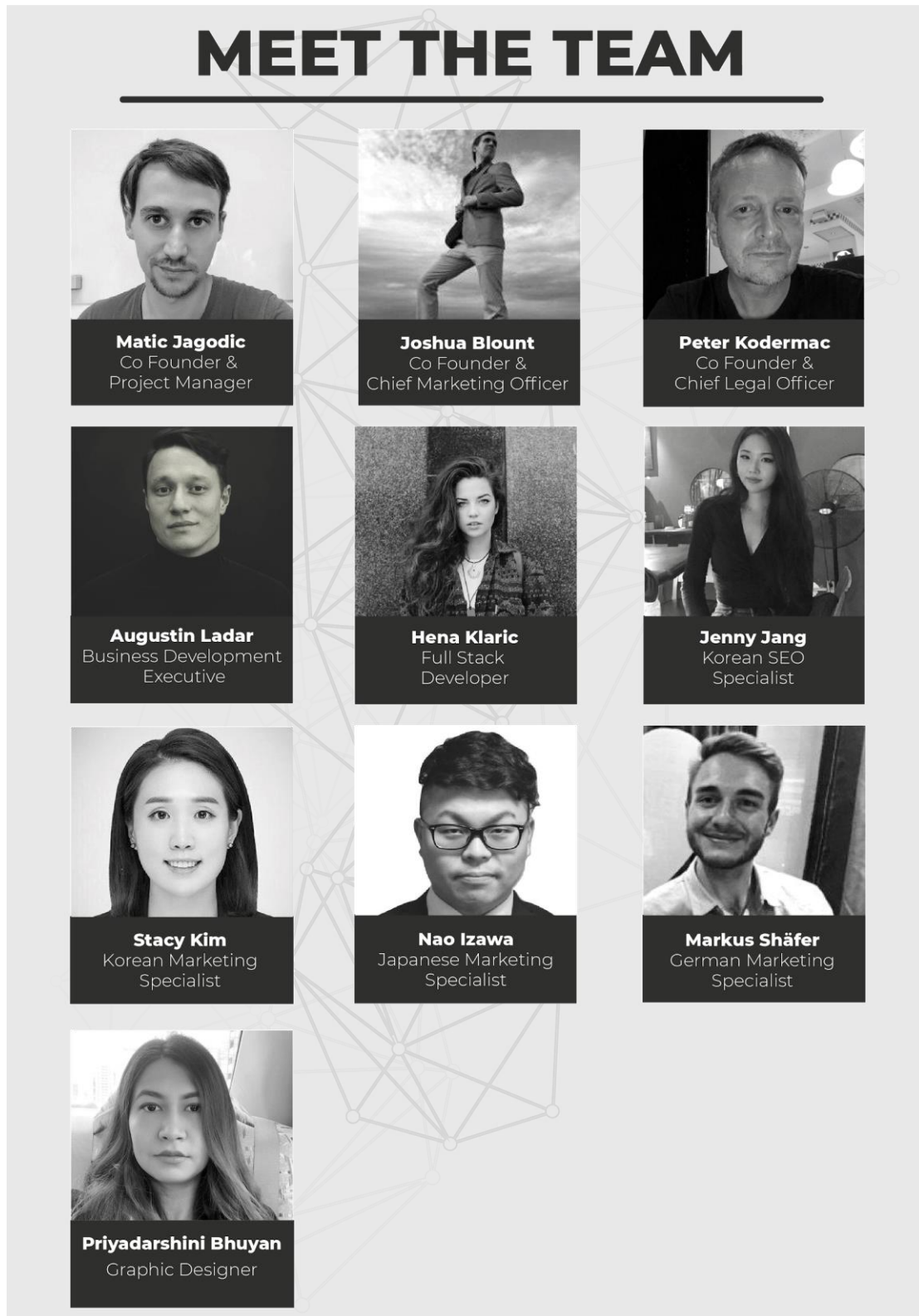
¹⁰ <https://coinmarketcap.com/currencies/binance-coin/>











8. Roadmap



9. Team

MEET THE TEAM



 <p>Matic Jagodic Co Founder & Project Manager</p>	 <p>Joshua Blount Co Founder & Chief Marketing Officer</p>	 <p>Peter Kodermac Co Founder & Chief Legal Officer</p>
 <p>Augustin Ladar Business Development Executive</p>	 <p>Hena Klaric Full Stack Developer</p>	 <p>Jenny Jang Korean SEO Specialist</p>
 <p>Stacy Kim Korean Marketing Specialist</p>	 <p>Nao Izawa Japanese Marketing Specialist</p>	 <p>Markus Schäfer German Marketing Specialist</p>
 <p>Priyadarshini Bhuyan Graphic Designer</p>		